



Arizona State Retirement System

3300 North Central Avenue, Phoenix, AZ 85012
WWW.AZASRS.GOV

Fact Sheet

Member Service Advisory Center

Phoenix (602) 240-2000

Tucson (520) 239-3100

Toll-free (800) 621-3778

Withdrawal of Contributions and Termination of Membership Frequently Asked Questions

Question: What happens if I leave my contributions on account with the ASRS?

Answer: Your account will continue to be tax deferred and will continue earning interest at a rate. At age 65, you may begin receiving a lifetime monthly pension benefit. If you had 10 or more years of ASRS credited service, you may begin receiving your pension annuity at age 62. In any event, you must begin receiving your pension at 70½. Also, you retain the right to withdraw your account balance at any time.

Q: May I roll over my account to another qualified plan?

A: Yes. You may roll over your ASRS funds to such qualified plans as a 401(a) or 401(k) plan, a qualified deferred compensation plan or an Individual Retirement Account. There may be some limitations, so you may want to consult your tax advisor.

Q: Are there tax consequences if I withdraw my account?

A: Yes. The ASRS is required to withhold 20 percent of the taxable portion of your refund for federal income tax. The taxable portion includes all contributions made on or after July 1, 1986. The ASRS also withholds 5 percent of the entire refund for state income taxes. Taxes, however, are not withheld on amounts rolled over by a direct transfer to another qualified retirement plan.

Q: Are there penalties if I withdraw my account before I retire?

A: If you are under age 59½, you may be subject to a 10-percent early withdrawal penalty on your federal tax return.

Q: If I don't withdraw my funds, may I contribute to my account after I leave employment?

A: No. State statute does not permit inactive members to add to their account.

Q: What happens to my account if I return to an ASRS employer?

A: If you resume active ASRS membership at any time prior to retirement, your account will be re-activated as new contributions are paid into it.